

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2015

Docket No. ACR2015

CHAIRMAN'S INFORMATION REQUEST NO. 11

(Issued February 8, 2016)

To clarify the basis of the Postal Service's estimates in its FY 2015 Annual Compliance Report (ACR), filed December 29, 2015,<sup>1</sup> the Postal Service is requested to provide written responses to the following requests and questions. Answers should be provided to the requests and individual questions as soon as they are developed, but no later than February 16, 2016.

1. Please refer to Responses of the United States Postal Service to Questions 15-26 of Chairman's Information Request No. 2, January 19, 2016 (Responses to CHIR No. 2), question 15.
  - a. Please provide more detail about the "Kaizen events," including:
    - i. A list of the facilities where the Kaizen events occurred and the dates of each event; and
    - ii. The summary documents and action plans for each Kaizen event. If no summary documents were prepared, please describe in detail what the Postal Service learned from each Kaizen event.
  - b. Please describe what is meant by the term "highest impact facilities" and explain how those facilities were chosen.

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<sup>1</sup> United States Postal Service FY 2015 Annual Compliance Report, December 29, 2015 (FY 2015 ACR).

- c. Please list the “highest impact facilities” where Postal Service improvement teams were deployed.
  - d. What “processing and network constraints” did the Postal Service improvement teams identify?
  - e. Please list when (e.g., quarter) and where (e.g., facility or district) the constraints occurred.
  - f. Please explain how a higher ratio of allied to productive distribution negatively affects service performance.
  - g. The Postal Service stated that “[l]ess dense trays and containers have a higher risk to impact service performance.” Please explain how tray and container density relates to service performance.
  - h. Does the Postal Service wait until First-Class Mail Flats trays and containers are full before commencing subsequent processing steps?
  - i. The Postal Service uses the term “lean and continuous improvement tools.” Please provide a description of each of the “lean and continuous improvement tools” that the Postal Service is referring to and explain how each of these activities will improve overall service performance.
2. Please refer to the Postal Service’s Responses to CHIR No. 2, question 16.
- a. What changes have been made to “mail makeup and entry to improve mail flow and streamline operations?”
  - b. Please explain how changes to mail makeup and entry will improve mail flow and streamline operations for Standard Mail Carrier Route and Flats.
  - c. Please specify what actions the Postal Service has taken in accordance with its’ “strong focus... on last mile impact, specifically on Carrier Route Bundles.”

- d. The Postal Service stated that “the increased package volume competes for bundle processing machine availability.” Please describe the decision process used to determine which mail is processed first on bundle processing machines.
  - e. Please explain the circumstances that might lead to bundles and packages being processed concurrently on bundle processing machines and identify how often this occurs.
  - f. The Postal Service stated that “[l]ess dense trays and containers have a greater risk of impacting service performance.” Please explain how tray and container density relates to service performance.
  - g. Does the Postal Service wait until Standard Mail Carrier Route and Flats trays and containers are full before commencing subsequent processing steps?
  - h. The Postal Service uses the term “lean and continuous improvement tools.” Please provide a description of each of the “lean and continuous improvement tools” that the Postal Service is referring to and explain how each of these activities will improve overall service performance.
  - i. Please describe how the 21 new package sorter machines will help “increase package capacity and eliminate competing processing windows between higher package volume and bundle processing.” In which postal district(s) or service area(s) were the 21 package sorter machines deployed?
3. Please refer to the Postal Service’s Responses to CHIR No. 2, question 17.
- a. Please explain how changes to mail makeup and entry will improve mail flow and streamline operations for Periodicals.

- b. Please explain what is meant by the phrase “bundle breakage” and how does its reduction lead to improved service performance results for Periodicals.
  - c. What actions has the Postal Service taken in accordance with its’ “strong focus... on last mile impact with respect to Periodicals?”
  - d. The Postal Service stated that “the increased package volume competes for bundle processing machine availability.” Please describe the decision process used to determine which mail is processed first on bundle processing machines.
  - e. The Postal Service stated that “[l]ess dense trays and containers have a greater risk of impacting service performance.” Please explain how tray and container density relates to service performance.
  - f. Does the Postal Service wait until Periodicals trays and containers are full before commencing subsequent processing steps?
  - g. Please provide more detail about the “Kaizen events,” including:
    - i. A list of the facilities where the Kaizen events occurred and the dates of each event; and
    - ii. The summary documents and action plans for each Kaizen event. If no summary documents were prepared, please describe in detail what the Postal Service learned from each Kaizen event.
  - h. The Postal Service uses the term “lean and continuous improvement tools.” Please provide a description of each of the “lean and continuous improvement tools” that the Postal Service is referring to and explain how each of these activities will improve overall service performance.
4. Please refer to the Postal Service’s Responses to CHIR No. 2, question 18.

- a. For each Tour 1, 2, and 3, please describe the work processes followed and the skills and/or knowledge needed to complete these process.
  - b. Identify differences in work processes, skills, and knowledge between Tours.
  - c. Explain why moving staff to a different Tour led to a decrease in service performance results.
  - d. Please describe how the table provided, which shows the percentage of employees working in Tours 1-3, demonstrates a *link* between staff realignment and employee education activities and the decrease in service performance results.
5. The following question relates to the Postal Service's Responses to CHIR No. 2, question 19. Please explain the specific factors that led to the "[l]ack of service responsive aircraft capacity to support shifting volume" (*i.e.*, financial considerations, management constraints, etc.).
6. The following question relates to the Postal Service's Responses to CHIR No. 2, question 23. Please explain why service performance for many flat-shaped pieces has decreased from FY 2011 to FY 2015, while the percentage of mail processed using the Automated Parcel and Bundle Sorter has increased over the same time period.
7. The following questions relate to Responses of the United States Postal Service to Questions 1 and 2 of Chairman's Information Request No. 5, February 3, 2016, question 2.
  - a. When will the second phase of the network consolidation project begin?
  - b. When does the Postal Service anticipate completion of the second phase of the network consolidation project?

- c. Which facilities will be impacted by the second phase of the network consolidation project?
  - d. Please confirm that the first phase of the network consolidation project decreased the number of distribution nodes and separations.
    - i. If confirmed, please explain how *further* decreasing the number of distribution nodes and separations will improve service performance.
    - ii. If not confirmed, please explain.
    - iii. Please describe the differences between the network changes that occurred in Phase I and the network changes anticipated in Phase II, including their respective impacts on service performance.
8. The following questions relate to Responses of the United States Postal Service to Questions 1-4, 8, 11, and 13-16 of Chairman's Information Request No. 6, February 3, 2016, question 16.
- a. Please identify and describe each factor that may lead to the exclusion from measurement of mail processed as Full-Service IMb.
  - b. What challenges does the Postal Service face in producing data disaggregated by product and service standard?
9. Please explain how the implementation of load leveling could impact service performance results.
- a. Which mail classes, products, and service standards are impacted by the load leveling initiative?
  - b. Please confirm that the Postal Service is able to identify and track mail pieces directly affected by load leveling.

- i. If confirmed, please provide service performance results for those mail pieces (disaggregated by product, service standard, area, district, and quarter).
  - ii. If not confirmed, please discuss the challenges in identifying and tracking these mail pieces.
- 10. With respect to Full-Service IMb-measured mail, please confirm that the Postal Service measures mail volume in proportion to the amount of actual mail volume originating from and destinating to a specific service area and district.
  - a. If confirmed, please provide the weights, in percent, that correlate to the overall service performance score for each product and service standard (e.g., Capital Metro District accounted for 15% of the national score in Q2 of FY 2015 for Standard Mail Carrier Route 3-5 Day).
  - b. If not confirmed, please explain.

By the Acting Chairman.

Robert G. Taub